

**TOWN OF OLLA, LOUISIANA**

**Annual Financial Statements**

**JUNE 30, 2014**

**TOWN OF OLLA, LOUISIANA**  
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**June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Rhonda Elliott, Mayor  
& Members of the Town Council  
Olla, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the discretely presented component unit of the Town of Olla, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the discretely presented component unit of the Town of Olla, State of Louisiana, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of the Town of Olla, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Olla, State Louisiana's internal control over financial reporting and compliance.

*The Vercher Group*

Jena, Louisiana  
October 14, 2014

# TOWN OF OLLA

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Town, we offer readers of the Town of Olla's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

#### *Governmental Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,826,255 (*net position*). This is a \$177,242 increase from last year.
- The Town had total revenue of \$1,055,738, in which \$273,578 came from fines, \$336,490 came from fees & charges, and \$143,690 came from grants. This is a \$503,902 decrease from last year's revenues, mainly due to a decrease in loan proceeds in the amount of \$500,000.
- The Town had total expenditures of \$1,059,520, which is a \$561,081 decrease from last year. The main cause for this decrease is due to a decrease in capital outlay in the amount of \$690,671.

#### *Enterprise Funds*

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,543,829 (*net position*). This is a \$17,906 increase from last year.
- The Town had total revenue of \$729,124, including operating revenues of \$592,784, non-operating revenues of \$550 and capital contributions in the amount of \$135,790. This is a \$681,206 decrease from last year, mainly due to a decrease in capital grants in the amount of \$656,827.
- The Town had total expenses of \$689,797, in which \$668,624 was operating expenses and \$21,173 was non-operating expenses. This is a \$14,254 increase from last year mainly due to an increase in operating/administrative water expense in the amount of \$17,745.

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## MD&A

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Town adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### Reporting the Town's Most Significant Funds

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

## MD&A

### GOVERNMENTAL FUNDS

#### Comparative Statement of Net Position

<b>Assets</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>
Cash & Investments	\$ 111,907	\$ 149,516	33.6
Receivables	38,024	30,076	-20.9
Capital Assets, Net of Accumulated Depreciation	2,250,788	2,280,867	1.3
<b>Total Assets</b>	<b>2,400,719</b>	<b>2,460,459</b>	<b>2.5</b>
<b>Liabilities &amp; Net Position</b>			
Accounts, Salaries, & Other Payables	25,460	37,482	47.2
Accrued Interest	7,289	6,242	-14.4
Bonds & Notes Payable	718,957	590,480	-17.9
<b>Total Liabilities</b>	<b>751,706</b>	<b>634,204</b>	<b>-15.6</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,524,542	1,684,145	10.5
Unrestricted	124,471	142,110	14.2
<b>Total Net Position</b>	<b>\$ 1,649,013</b>	<b>\$ 1,826,255</b>	<b>10.8</b>

#### Comparative Changes in Fund Balances

<b>Revenues</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>
Fees & Charges	\$ 393,173	\$ 336,490	-14.4
Taxes	48,237	46,836	-2.9
Fines	281,280	273,578	-2.7
Donations	39,504	20,582	-47.9
Interest	133	104	-21.8
Reimbursements	15,235	14,782	-3.0
Rental	107,001	207,776	94.2
<b>Total Revenues</b>	<b>884,563</b>	<b>900,148</b>	<b>1.8</b>
<b>Expenditures</b>			
General & Administrative	171,543	160,163	-6.6
Police Expense	259,851	278,493	7.2
Fire	79,247	60,824	-23.3
Street & Sanitation	144,482	161,339	11.7
Dixie Center	10,816	11,150	3.1
Commercial Building	55,372	70,084	26.6
Recreation Complex	8,321	20,423	145.4
Debt Service	58,417	155,163	165.6
Capital Outlay	832,552	141,881	-83.0
<b>Total Expenditures</b>	<b>1,620,601</b>	<b>1,059,520</b>	<b>-34.6</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(736,038)</b>	<b>(159,372)</b>	<b>78.4</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In/(Out)	68,362	21,421	-68.7
Loan Proceeds	500,000	-0-	-100.0
Equipment Sale	-0-	11,900	100.0
<b>Total Other Financing Sources (Uses)</b>	<b>568,362</b>	<b>33,321</b>	<b>-94.1</b>
<b>Capital Contributions</b>	<b>175,077</b>	<b>143,690</b>	<b>-17.9</b>
<b>Net Change in Fund Balance</b>	<b>7,401</b>	<b>17,639</b>	<b>138.3</b>
<b>Prior Period Adjustment</b>	<b>(1,695)</b>	<b>-0-</b>	<b>-100.0</b>
<b>Fund Balances--Beginning</b>	<b>118,765</b>	<b>124,471</b>	<b>4.8</b>
<b>Fund Balances--Ending</b>	<b>\$ 124,471</b>	<b>\$ 142,110</b>	<b>14.2</b>

## MD&A

### ENTERPRISE FUNDS

#### Comparative Statement of Net Position

	2013	2014	% Change
<b>Assets</b>			
Cash & Investments	\$ 10,539	\$ 52,870	401.7
Receivables	53,068	54,963	3.6
Restricted Assets	167,729	192,746	14.9
Capital Assets, Net of Accumulated Depreciation	2,937,558	2,915,070	-0.8
<b>Total Assets</b>	<u>3,168,894</u>	<u>3,215,649</u>	1.5
<b>Liabilities and Net Position</b>			
Bank Overdraft	22,252	-0-	-100.0
Accounts, Salaries, & Other Payables	30,750	68,880	124.0
Other Liabilities	97,419	99,530	2.2
Bonds Payable	492,550	503,410	2.2
<b>Total Liabilities</b>	<u>642,971</u>	<u>671,820</u>	4.5
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,435,997	2,403,328	-1.3
Restricted For Debt Service	54,185	44,454	-18.0
Unrestricted	35,741	96,047	168.7
<b>Total Net Position</b>	<u>\$ 2,525,923</u>	<u>\$ 2,543,829</u>	0.7

#### Comparative Changes in Net Position

	2013	2014	% Change
<b>Operating Revenues</b>			
Water Sales	\$ 338,108	\$ 311,178	-8.0
Sewer Charges	93,830	87,226	-7.0
Sales Tax	174,066	181,949	4.5
Other	10,980	12,431	13.2
<b>Total Operating Revenues</b>	<u>616,984</u>	<u>592,784</u>	-3.9
<b>Operating Expenses</b>			
Operating/Administrative Water	262,128	279,873	6.8
Operating/Administrative Sewer	235,133	215,125	-8.5
Depreciation	164,404	173,626	5.6
<b>Total Operating Expenses</b>	<u>661,665</u>	<u>668,624</u>	1.1
<b>Operating Income (Loss)</b>	<u>(44,681)</u>	<u>(75,840)</u>	69.7
<b>Non-Operating Revenue (Expenses)</b>			
Interest Earnings	729	550	-24.6
Interest Expense	(13,878)	(21,173)	52.6
<b>Total Non-Operating Revenue (Expenses)</b>	<u>(13,149)</u>	<u>(20,623)</u>	56.8
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<u>(57,830)</u>	<u>(96,463)</u>	66.8
<b>Transfers In/(Out)</b>	<u>(68,362)</u>	<u>(21,421)</u>	-68.7
<b>Capital Contributions</b>	<u>792,617</u>	<u>135,790</u>	-82.9
<b>Change in Net Position</b>	666,425	17,906	-97.3
<b>Total Net Position - Beginning</b>	1,859,498	2,525,923	35.8
<b>Total Net Position - Ending</b>	<u>\$ 2,525,923</u>	<u>\$ 2,543,829</u>	0.7



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## MD&A

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### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2014, the Town had \$2,280,867 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$30,079 increase from last year.

#### Capital Assets at Year-End

	2013	2014
General *	\$ 3,014,866	\$ 3,014,866
Police	151,809	158,207
Fire	535,621	537,107
Street & Sanitation	52,108	70,580
Recreation Complex	49,388	164,913
Accumulated Depreciation	(1,553,004)	(1,664,806)
<b>Total Capital Assets, Net</b>	<b>\$ 2,250,788</b>	<b>\$ 2,280,867</b>

\* Land in the amount of \$30,000 and Construction in Progress in the amount of \$115,525 are not being depreciated.

#### *Capital Assets – Enterprise Fund*

At June 30, 2014, the Town had \$2,915,070 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is a \$22,488 decrease from last year.

#### Capital Assets at Year-End

	2013	2014
Water & Sewer Systems	\$ 5,924,897	\$ 6,076,035
Accumulated Depreciation	(2,987,339)	(3,160,965)
<b>Total Capital Assets, Net</b>	<b>\$ 2,937,558</b>	<b>\$ 2,915,070</b>

### CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2014.

	Balance 6-30-2013	Additions	Reductions	Balance 6-30-2014
Revenue Bonds & Notes (Business-Type Activities)	\$ 492,550	\$ 45,829	\$ (34,969)	\$ 503,410
General Obligation Debt (Governmental Activities)	718,957	-0-	(128,477)	590,480
<b>Total</b>	<b>\$ 1,211,507</b>	<b>\$ 45,829</b>	<b>\$ (163,446)</b>	<b>\$ 1,093,890</b>

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show that the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Rhonda Elliott at the Town Hall, phone number (318) 495-5151.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2014**

	PRIMARY GOVERNMENT			Component Unit Cemetery Board
	Governmental Activities	Business-Type Activities	Total	
<b>CURRENT ASSETS</b>				
Cash & Cash Equivalents	\$ 149,516	\$ 42,331	\$ 191,847	\$ 13,729
Investments	-0-	10,539	10,539	193,527
Receivables, Net of Allowances	30,076	54,963	85,039	-0-
<b>TOTAL CURRENT ASSETS</b>	<u>179,592</u>	<u>107,833</u>	<u>287,425</u>	<u>207,256</u>
<b>NON-CURRENT ASSETS</b>				
Restricted Assets	-0-	192,746	192,746	-0-
Capital Assets, Net of Accumulated Depreciation	2,280,867	2,915,070	5,195,937	-0-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>2,280,867</u>	<u>3,107,816</u>	<u>5,388,683</u>	<u>-0-</u>
<b>TOTAL ASSETS</b>	<u>2,460,459</u>	<u>3,215,649</u>	<u>5,676,108</u>	<u>207,256</u>
<b>CURRENT LIABILITIES</b>				
Accounts, Salaries, & Other Payables	37,482	68,880	106,362	-0-
<b>TOTAL CURRENT LIABILITIES</b>	<u>37,482</u>	<u>68,880</u>	<u>106,362</u>	<u>-0-</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>				
Customer Deposits	-0-	91,198	91,198	-0-
Accrued Interest Payable	6,242	8,332	14,574	-0-
Current Bonds & Notes Payable	158,480	59,095	217,575	-0-
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<u>164,722</u>	<u>158,625</u>	<u>323,347</u>	<u>-0-</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds & Notes Payable	432,000	444,315	876,315	-0-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>432,000</u>	<u>444,315</u>	<u>876,315</u>	<u>-0-</u>
<b>TOTAL LIABILITIES</b>	<u>634,204</u>	<u>671,820</u>	<u>1,306,024</u>	<u>-0-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,684,145	2,403,328	4,087,473	-0-
Restricted	-0-	44,454	44,454	-0-
Unrestricted	142,110	96,047	238,157	207,256
<b>TOTAL NET POSITION</b>	<u>\$ 1,826,255</u>	<u>\$ 2,543,829</u>	<u>\$ 4,370,084</u>	<u>\$ 207,256</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

	Expenses	PROGRAM REVENUES			Net (Expense) Revenue	NET (EXPENSE) REVENUE & CHANGES		Total	Component Unit
		Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions		Governmental Activities	Business- Type Activities		
<b>GOVERNMENTAL ACTIVITIES</b>									
General Government	\$ (294,862)	\$ 114,640	\$ 123,061	\$ -0-	\$ (57,161)	\$ (57,161)	\$	\$ (57,161)	\$ (4,991)
Police	(289,472)	1,207	-0-	-0-	(288,265)	(288,265)		(288,265)	-0-
Fire	(88,250)	72,901	7,129	-0-	(8,220)	(8,220)		(8,220)	-0-
Streets & Sanitation	(165,592)	147,742	-0-	-0-	(17,850)	(17,850)		(17,850)	-0-
Dixie Center	(11,150)	-0-	-0-	-0-	(11,150)	(11,150)		(11,150)	-0-
Recreation Complex	(23,905)	-0-	-0-	-0-	(23,905)	(23,905)		(23,905)	-0-
Interest on Long-Term Debt	(26,686)	-0-	13,500	-0-	(13,186)	(13,186)		(13,186)	-0-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>(899,917)</u>	<u>336,490</u>	<u>143,690</u>	<u>-0-</u>	<u>(419,737)</u>	<u>(419,737)</u>		<u>(419,737)</u>	<u>(4,991)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>									
Water & Sewer	(668,624)	398,404	135,790	-0-	(134,430)		(134,430)	(134,430)	-0-
Interest on Long-Term Debt	(21,173)	-0-	-0-	-0-	(21,173)		(21,173)	(21,173)	-0-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>(689,797)</u>	<u>398,404</u>	<u>135,790</u>	<u>-0-</u>	<u>(155,603)</u>		<u>(155,603)</u>	<u>(155,603)</u>	<u>-0-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ (1,589,714)</u>	<u>\$ 734,894</u>	<u>\$ 279,480</u>	<u>\$ -0-</u>	<u>\$ (575,340)</u>			<u>(575,340)</u>	<u>(4,991)</u>
<b>GENERAL REVENUES:</b>									
						273,578	-0-	273,578	-0-
						46,836	181,949	228,785	-0-
						20,582	-0-	20,582	2,138
						-0-	-0-	-0-	400
						14,782	-0-	14,782	-0-
						104	550	654	2,867
						219,676	12,431	232,107	159
						21,421	(21,421)	-0-	-0-
						<u>596,979</u>	<u>173,509</u>	<u>770,488</u>	<u>5,564</u>
<b>CHANGE IN NET POSITION</b>						177,242	17,906	195,148	573
<b>NET POSITION-BEGINNING</b>						1,649,013	2,525,923	4,174,936	206,683
<b>NET POSITION-ENDING</b>						<u>\$ 1,826,255</u>	<u>\$ 2,543,829</u>	<u>\$ 4,370,084</u>	<u>\$ 207,256</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Balance Sheet, Governmental Funds**  
**June 30, 2014**

	<u><b>GENERAL FUND</b></u>
<b>ASSETS</b>	
Cash & Cash Equivalents	\$ 149,516
Receivables (Net of Allowances for Uncollectible)	<u>30,076</u>
<b>TOTAL ASSETS</b>	<u><u>179,592</u></u>
 <b>LIABILITIES &amp; FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts, Salaries, & Other Payables	<u>37,482</u>
<b>TOTAL LIABILITIES</b>	<u><u>37,482</u></u>
 <b>FUND BALANCE</b>	
Restricted	-0-
Unassigned	<u>142,110</u>
 <b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	 <u><u>\$ 179,592</u></u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of the Government Funds Balance Sheet**  
**to the Government-Wide Financial Statement of Net Position**  
**June 30, 2014**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)			\$ 142,110
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	Capital Assets	3,945,673	
	Accum. Depr.	(1,664,806)	
			2,280,867
Long-term liabilities including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the governmental funds.	Bonds Payable	(590,480)	
	Accrued Interest	(6,242)	
			(596,722)
Net Position of Governmental Activities (Statement A)			\$ <u>1,826,255</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenditures &**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Fees & Charges	\$ 336,490
Taxes	46,836
Fines	273,578
Donations	20,582
Interest	104
Reimbursements	14,782
Rental	207,776
<b>TOTAL REVENUES</b>	<u>900,148</u>
<b>EXPENDITURES</b>	
General & Administrative	160,163
Police Expense	278,493
Fire	60,824
Street & Sanitation	161,339
Dixie Center	11,150
Commercial Building	70,084
Recreation Complex	20,423
Debt Service	155,163
Capital Outlay	141,881
<b>TOTAL EXPENDITURES</b>	<u>1,059,520</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(159,372)</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers In/(Out)	21,421
Equipment Sale	11,900
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>33,321</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>143,690</u>
<b>NET CHANGE IN FUND BALANCE</b>	17,639
<b>FUND BALANCES--BEGINNING</b>	124,471
<b>FUND BALANCES--ENDING</b>	<u>\$ 142,110</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**& Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E			\$	17,639
Governmental funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	Capital Purchases	141,881		
	Depreciation Exp	<u>(111,802)</u>		30,079
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	Bond Issuance	-0-		
	Accrued Interest Exp	1,047		
	Principal Paid	<u>128,477</u>		129,524
Changes in Net Position of Governmental Activities, Statement B			\$	<u>177,242</u>

The accompanying notes are an integral part of this statement.



**TOWN OF OLLA, LOUISIANA**  
**Statement of Net Position, Proprietary Funds**  
**June 30, 2014**

	<u><b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) WATER &amp; SEWER FUND</b></u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	\$ 42,331
Investments	10,539
Receivables (Net of Allowances for Uncollectible)	54,963
<b>TOTAL CURRENT ASSETS</b>	<u>107,833</u>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets	192,746
Capital Assets (Net of Accumulated Depreciation)	2,915,070
<b>TOTAL NON-CURRENT ASSETS</b>	<u>3,107,816</u>
<b>TOTAL ASSETS</b>	<u>3,215,649</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts, Salaries, & Other Payables	68,880
<b>TOTAL CURRENT LIABILITIES</b>	<u>68,880</u>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	
Customer Deposits	91,198
Accrued Interest Payable	8,332
Revenue Bonds Payable	59,095
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>	<u>158,625</u>
<b>NON CURRENT LIABILITIES</b>	
Revenue Bonds	444,315
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>444,315</u>
<b>TOTAL LIABILITIES</b>	<u>671,820</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,403,328
Restricted for Debt Service	44,454
Unrestricted	96,047
<b>TOTAL NET POSITION</b>	<u>\$ 2,543,829</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (Major Enterprise Funds) TOTAL ENTERPRISE FUNDS</b>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 311,178
Sewer Charges	87,226
Sales Tax	181,949
Other	12,431
<b>TOTAL OPERATING REVENUES</b>	<u>592,784</u>
<b>OPERATING EXPENSES</b>	
Operating/Administrative Water	279,873
Operating/Administrative Sewer	215,125
Depreciation	173,626
<b>TOTAL OPERATING EXPENSES</b>	<u>668,624</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(75,840)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Interest Earnings	550
Interest Expense	(21,173)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>(20,623)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(96,463)
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In/(Out)	(21,421)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(21,421)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>135,790</u>
<b>CHANGE IN NET POSITION</b>	17,906
<b>TOTAL NET POSITION - BEGINNING</b>	2,525,923
<b>TOTAL NET POSITION - ENDING</b>	\$ <u>2,543,829</u>

The accompanying notes are an integral part of this statement.

**TOWN OF OLLA, LOUISIANA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**June 30, 2014**

	<b>ENTERPRISE FUND</b>
	<b>WATER &amp; SEWER FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers, Users, & Taxes	\$ 593,680
Payments to Suppliers & Employees	(479,120)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>114,560</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers From (To) Other Funds	(21,421)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(21,421)</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Receipts From Capital Grants	135,790
Loan Proceeds	45,829
Interest Paid on Capital Debt	(8,291)
Principal Paid on Revenue Bonds	(34,969)
Acquisition & Construction of Capital Assets	(164,700)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(26,341)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
(Increase) Decrease in Restricted Assets	(25,017)
Interest & Dividends Received	550
Change In Investments	-0-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(24,467)</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	42,331
<b>CASH - BEGINNING OF YEAR</b>	-0-
<b>CASH - END OF YEAR</b>	<u><u>42,331</u></u>
<b>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>OPERATING INCOME/(LOSS)</b>	<u>(75,839)</u>
Depreciation Expense	173,626
(Increase) Decrease in Accounts Receivable	(1,895)
Increase (Decrease) in Bank Overdraft	(22,252)
Increase (Decrease) in Accounts Payables	38,130
Increase (Decrease) in Customer Deposits	2,790
<b>TOTAL ADJUSTMENTS</b>	<u>190,399</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 114,560</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Olla was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The accounting and reporting policies of the Town of Olla conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

#### **Reporting Entity**

The Town is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town (the primary government) and its component units, entities for which the government is considered to be financially accountable.

Component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the Town appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Town may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Town. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the Town, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the Town.

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

#### **The Cemetery Board**

The Cemetery Board was created to manage and maintain the Olla Cemetery. The board members are appointed by the Town of Olla, Louisiana and utilize the Town's facilities and assets. Therefore, the Cemetery Fund is considered a component unit of the Town of Olla, Louisiana.

The following is a summary of certain significant accounting policies:

#### **A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds:

- Water and Sewer Fund

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the town's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned amounts are available for use, it is the town's policy to use committed first, assigned next and unassigned last.

#### **Impact of Recently Issued Accounting Principles**

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 62 does not have any impact on the Town's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 63 does not have any impact on the Town's financial statements.

#### **C. FIXED ASSETS & LONG-TERM LIABILITIES**

For the year ended June 30, 2014, no interest costs were capitalized for construction of fixed assets.



# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Buildings	40
Equipment	5-10

The office has a capitalization policy of \$2,500.

### D. CASH & INVESTMENTS

All cash and investments (CD's over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- *Category 3* – Uncollateralized.

	<u>Southern Heritage</u>	<u>Bank of Jena</u>	<u>Concordia Bank</u>	<u>Total</u>
<b>Bank Balances</b>	\$ 543,749	\$ 77,528	\$ 21,914	\$ 643,191
<b><i>Secured As Follows</i></b>				
FDIC ( <i>Category 1</i> )	500,000	77,528	21,914	599,442
Securities ( <i>Category 2</i> )	213,772	-0-	-0-	213,772
Uncollateralized ( <i>Category 3</i> )	-0-	-0-	-0-	-0-
<b>Total</b>	\$ 713,772	\$ 77,528	\$ 21,914	\$ 813,214

Deposits were fully secured as of June 30, 2014.

The Cemetery Board (Component Unit) holds the following investments:

	<u>Value At 6-30-2014</u>
CD's	\$ 189,500
33 Shares of First Energy at \$34.72	1,146
60 Shares of Pacific Gas at \$48.02	2,881
<b>Total</b>	\$ 193,527

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### E. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

#### F. ACCOUNTS RECEIVABLE & BAD DEBTS – GENERAL FUND & ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND

At June 30, 2014 the receivables were as follows:

	Enterprise Fund	Governmental Fund
	Water & Sewer Fund	General Fund
Tax & License	\$ 16,232	\$ -0-
Customer	77,312	38,319
Allowance for Bad Debts	(38,581)	(19,800)
<b>Total</b>	<b>\$ 54,963</b>	<b>\$ 18,519</b>

#### G. COMPENSATED ABSENCES

The Town has no compensated absence policy.

#### H. RESTRICTED NET POSITION

The Town records restricted assets to indicate that a portion of its net position balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

##### *Restricted for System Maintenance*

This amount represents monies restricted for repairs and replacement of the water system.

##### *Restricted - Revenue Bonds*

This amount represents monies restricted as required by the revenue bond indentures.

##### *Restricted for Debt Service*

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### 2. AD VALOREM TAXES

The Town levies taxes on real and business personal property located within its boundaries. The Town utilizes the services of the LaSalle Parish Tax Assessor to assess the property values and prepare the Town's property tax roll. The Town bills and collects its own property taxes.

#### Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2014, taxes of 7.72 mills were levied against property having a valuation of some \$5,054,490, which produced some \$39,020.47 in revenue.

Ad Valorem Taxes are broken down as follows:

	<u>Mills</u>
General Alimony	<u>7.72</u>

#### 3. SALES TAX

Levying within Town of Olla, State of Louisiana, a one percent (1%) sales and use tax, upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption, of tangible personal property and on the sales of services; levying and providing for the assessment, collection, payment and dedication of such tax and the purpose for which the proceeds of said tax may be expended, said tax having been authorized at a special election held in the Town on Saturday, November 18, 1995.

#### 4. RESTRICTED ASSETS - PROPRIETARY FUND TYPES

At June 30, 2014, restricted assets of the Enterprise Funds were invested in either interest bearing checking accounts or time deposits and were restricted for the following purposes:

	<u>Water</u>	<u>Sewer</u>
Bond Sinking/Reserve	\$ 48,069	\$ 45,631
Meter Deposit	74,763	-0-
Depreciation & Contingencies	7,338	16,945
<b>Total</b>	<u>\$ 130,170</u>	<u>\$ 62,576</u>

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### 4. FIXED ASSETS

#### *Governmental Fund:*

A summary of governmental fund assets at June 30, 2014, is as follows:

	<b>Balance 6-30-2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2014</b>
General/Administrative *	\$ 3,014,866	\$ -0-	\$ -0-	\$ 3,014,866
Police	151,809	6,398	-0-	158,207
Fire *	535,621	1,486	-0-	537,107
Street & Sanitation	52,108	18,472	-0-	70,580
Recreation Complex	49,388	115,525	-0-	164,913
<b>Total Capital Assets</b>	<b>3,803,792</b>	<b>141,881</b>	<b>-0-</b>	<b>3,945,673</b>
Accumulated Depreciation	(1,553,004)	(111,802)	-0-	(1,664,806)
<b>Total Capital Assets, Net</b>	<b>\$ 2,250,788</b>	<b>\$ 30,079</b>	<b>\$ -0-</b>	<b>\$ 2,280,867</b>

\* Land in the amount of \$30,000 and Construction in Progress in the amount of \$115,525 are not being depreciated.

Government fund assets are depreciated on the straight-line basis using the following useful lives:

Equipment	5-10 Years
Buildings	40 Years

#### *Property Enterprise Fund:*

A summary of enterprise fund property, plant and equipment at June 30, 2014, is as follows:

	<b>Balance 6-30-2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6-30-2014</b>
Water & Sewer Systems	\$ 5,924,897	\$ 164,700	\$ (13,562)	\$ 6,076,035
Accumulated Depreciation	(2,987,339)	(173,626)	-0-	(3,160,965)
<b>Total Capital Assets, Net</b>	<b>\$ 2,937,558</b>	<b>\$ (8,926)</b>	<b>\$ (13,562)</b>	<b>\$ 2,915,070</b>

Enterprise fund assets are depreciated on the straight-line basis using the following useful lives:

Sewer Plant	40 Years
Water Plant	40 Years
Equipment	5-10 Years

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### 5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Olla for the year ended June 30, 2014.

	Balance 6-30-2013	Additions	Reductions	Balance 6-30-2014
Revenue Bonds & Notes (Business-Type Activities)	\$ 492,550	\$ 45,829	\$ (34,969)	\$ 503,410
General Obligation Debt (Governmental Activities)	718,957	-0-	(128,477)	590,480
<b>Total</b>	<u>\$ 1,211,507</u>	<u>\$ 45,829</u>	<u>\$ (163,446)</u>	<u>\$ 1,093,890</u>

Bonds and installment notes payable at June 30, 2014, are comprised of the following individual issues:

#### **Revenue Bonds (Enterprise Fund)**

\$275,000 Water Revenue Bonds dated 12-4-79; due in annual installments of \$5,000 to \$5,000 through December 4, 2019; interest at 5%. \$ 52,000

\$346,000 Sales Tax Revenue Bonds dated 8-1-11; due in annual installments of \$18,405 to \$32,927 through August 1, 2029; interest at 4.5%. 300,000

\$115,000 Water Revenue Bonds Dated 4/01/13 through 10/01/2027; due in annual installments of \$10,976 to \$10,857 and interest on \$97,750 at 5% and interest on \$17,250 at 0.0%. 105,581

\$45,829 Water Revenue Bonds dated 07/01/2014-01/01/2034 due in annual installments of \$20,266.68-\$24,354.00 at 2.95% interest on \$350,000.00 and 5% on \$85,000.00 45,829

#### **General Obligation Note (Governmental Activities)**

\$200,000 General Revenue Bonds dated 4/26/10 through 4/1/20 at 4.5% interest on \$170,000 payable \$18,403 to \$24,540 annually and 0.0% interest on \$30,000 payable \$6,000 annually to April 2015. 129,000

\$400,000 Public Improvement Bonds series 2013 dated 4/01/2013 through 04/01/2018; due in annual installments of \$87,580 to \$87,701; interest at 3.7% on \$340,000 and 0.0% on \$60,000. 325,000

\$100,000 Fire Dept Bonds Series 2013 dated 03/15/2013 through 04/01/2020; due in annual installments of \$16,374 to \$16,608; interest of 3.8% on \$85,000 and 0.0% on \$15,000. 87,000

The Town borrowed \$209,000 from Southern Heritage Bank on July 8, 2005 to pay for the repairing of the roof on the Olla commercial building. Due in ten annual installments of 26,089 through March 1, 2015; interest at 4.5%. 49,480

**Total** \$ 1,093,890

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2014, including interest payments, are as follows:

	Water	Sales Tax	\$200,000 General	\$209,000 SHB	400,000 Public	\$115,000 Water	\$100,000 Fire	\$435,000 Water	
Year Ending June 30,	Revenue Bonds	Revenue Bonds	Revenue Bonds	Notes Payable	Improve Bonds	Revenue Bonds	Dept Bonds	Revenue Bonds	Total
2015	15,000	32,073	24,535	52,696	87,249	10,790	15,850	37,118	275,311
2016	15,000	31,218	24,950	-0-	87,844	10,787	16,470	37,187	223,456
2017	15,000	31,340	25,050	-0-	88,328	10,784	16,052	42,221	228,775
2018	15,000	31,418	25,105	-0-	87,701	7,330	16,634	40,988	224,176
2019	15,000	31,450	25,115	-0-	-0-	10,690	16,178	39,755	138,188
2020-2024	15,000	131,334	25,080	-0-	-0-	53,317	16,608	121,211	362,550
2025-2029	-0-	95,591	-0-	-0-	-0-	42,463	-0-	120,410	258,464
2030-2034	-0-	18,405	-0-	-0-	-0-	-0-	-0-	120,850	139,255
	<u>90,000</u>	<u>402,829</u>	<u>149,835</u>	<u>52,696</u>	<u>351,122</u>	<u>146,161</u>	<u>97,792</u>	<u>559,740</u>	<u>1,850,175</u>

Under the terms of the bond indenture on outstanding Water Revenue Bonds dated December 4, 1979, earnings of the waterworks system are to be maintained separately and used for the following purposes:

- (a) Payment of all reasonable and necessary expenses of operating and maintaining the system.
- (b) Each month there will be set aside into a fund called the "Waterworks Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next principal and interest payment.
- (c) Each month, there will be set aside into a "Waterworks Reserve Fund" 5% of the amount paid into the Sinking Fund until such time as there has been accumulated there in the sum of \$18,750. These funds may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not available in the Sinking Fund. As of June 30, 2010 the Town of Olla had set aside the maximum required amount into this "Waterworks Reserve Fund".
- (d) There will also be set aside into a "Waterworks Depreciation and Contingency Fund" \$63 per month. These funds will be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly, and to pay interest and principal on bonds when there is not sufficient money in the Sinking or Reserve Fund.
- (e) All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose.

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

Under the terms of the bond indenture on outstanding Sales Tax Revenue Bonds dated March 10, 2011, the following funds are to be established and/or maintained by the Town pursuant to the Bond Ordinance:

- the “Sales Tax Account” (the Sales Tax Fund”); and
  - the “Sales Tax Refunding Bond and Interest Sinking Fund” (the “Sinking Fund”).
- (a) As more fully provided in the ordinance authorizing the levy of the Tax, all of the avails or proceeds of the Tax shall be deposited from time to time as the same may be collected in the Sales Tax Fund, a separate and special bank account established and maintained by the Town with the regularly designated fiscal agent of the Town, pursuant to the Bond Ordinance. Out of the proceeds of the Tax on deposit in the Sales Tax Fund, after the reasonable and necessary costs of collecting and administering the Tax have been paid, moneys are to be transferred to the Sinking Fund as provided in the Bond Ordinance.
- (b) The Sinking Fund will each be used by the Town with respect to the Bonds and any pari passu additional bonds which may be hereafter issued by the Town pursuant to the terms of the Bond Ordinance (“Additional Parity Bonds”). For the purposes of this arbitrage certificate, all references to the Sinking Fund shall be deemed to refer only to that portion of the fund which is allocable to the bonds and not to any moneys in said fund which are to be used with respect to any additional parity bonds which may be hereafter issued. However, until the issuance of any Additional Parity Bonds, all moneys in the Sinking Fund are allocable to the Bonds.
- (c) The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the Bonds as shown on Exhibit A hereto, and any additional Parity Bonds within each Bond Year. For purposes of this Non-Arbitrage Certificate and compliance with the Arbitrage Regulations “Bond Year” shall mean the 1-year period ending on each principal payment date, which is August 1 of each year. Amounts transferred from the Sales Tax Fund and deposited in the Sinking Fund will be applied to the payment of principal or interest on the bonds payable there from in the year of their receipt. All other amounts deposited in the Sinking Fund will be depleted at least once each Bond Year, except for a reasonable carryover amount which will not exceed the greater of (i) the earnings on the Sinking Fund for the immediately preceding Bond Year, or (ii) 1/12 of the principal and interest payments on the Bonds and any Additional Parity Bonds for the immediately preceding Bond Year. Under the Bond Ordinance, the Issuer is required to make monthly deposits into the Sinking Fund, as shown on Exhibit B hereto, in such a manner as to accumulate in such fund the amounts payable on the bonds payable there from on any interest payment date. It is not expected that any amounts will remain in the Sinking Fund after all payments in a Bond Year have been made there from.

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Under the certificates of indebtedness series 2010 and series 2013, a sinking fund shall be established with a requirement that 1/12 of the annual debt service (approximately \$3,458) of both series will be deposited into a “sinking fund” each month for the purpose of servicing or paying the annual principal and interest of such indebtedness.

Under the certificates of indebtedness series 2013, Public Improvement Bonds, a sinking fund shall be established with a requirement that 1/12 of the annual debt service (approximately \$7,320) of the series will be deposited into a “sinking fund” each month for the purpose of servicing or paying the annual principal and interest of such indebtedness.

At June 30, 2014, the Enterprise Fund Net Position were restricted for the purposed noted above as follows:

Revenue Bond Reserve Fund	\$	22,171
Depreciation And Contingencies Fund		24,283
Total	\$	<u>46,454</u>

#### 6. PENSION PLAN

Substantially all employees of the Town of Olla are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustee. Pertinent information relative to each plan follows:

##### *A. Municipal Employees Retirement System of Louisiana (System)*

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. [Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with a least 25 years of creditable service, or after any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. [Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service.



## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary.] Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504)925-4810.

*Funding Policy.* [Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 4.5 percent of annual covered payroll]. [Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll.] Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under Plan B for the years ending June 30, 2013 and 2014 were \$14,775 and \$15,046 respectively, equal to the required contributions for each year.

#### *B. Municipal Police Employees Retirement System of Louisiana*

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service are at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

## **TOWN OF OLLA, LOUISIANA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

*Funding Policy.* Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town of Olla is required to contribute at an actuarially determined rate. The current rate is 26.5 percent of annual covered payroll. The contribution requirements of plan members and the Town of Olla are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Olla's contributions to the System under for the years ending June 30, 2013 and 2014 were \$11,013 and \$18,089, equal to the required contributions for each year.

#### **7. INTERFUND TRANSFERS**

Interfund transfers were made during the year for operational purposes.

#### **8. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **9. ENCUMBRANCES**

The Town does not utilize encumbrance accounting.

#### **10. CONTINGENCIES**

The Town was informed by letter on September 15, 1997 by the Louisiana Department of Environmental Quality that the Town is in violation of portions of the Louisiana Environmental Quality Act (La. R.S. 30:2001) as it related to the operation and maintenance of the Town's sewer system.

# TOWN OF OLLA, LOUISIANA

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### 11. ELECTED OFFICIALS SALARIES

<u>Name</u>	<u>Title</u>	<u>Term</u>	<u>Annual Salary</u>
Rhonda Elliott P.O. Box 1007 Olla, LA 71465 (318) 312-0161	Mayor	2014-2014	\$ 15,750
L.J. Rachal, Jr 1753 Short St Olla, LA 71465 (318) 308-2657	Council Member	2011-2014	\$ 1,200
Al Cassels, Jr 1469 Plum St Olla, LA 71465 (318) 419-5959	Council Member	2011-2014	\$ 600
Madge Bailey P.O. Box 1359 Olla, LA 71465 (318) 557-2695	Council Member	2014-2014	\$ 600
Renee Thomas P.O. Box 1103 Olla, LA 71465 (318) 316-1270	Council Member	2014-2014	\$ 600
Mark Richardson 1905 Blake Street Olla, LA 71465 (318) 331-6421	Council Member	2014-2014	\$ 600
John Stott 1607 Taylor Street Olla, LA 71465 (318)730-8811	Police Chief	2011-2014	\$ 36,363

## TOWN OF OLLA, LOUISIANA

### NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

#### 12. INSURANCE EXPIRATION DATES

Type	Company	Amount	Date Of Expiration
General Liability	Phoenix Insurance Company	\$1,000,000	7/1/2014
Automobile Liability	Phoenix Insurance Company	\$1,000,000	7/1/2014
Bond	Travelers Casualty & Surety Company	\$ 100,000	3/13/2015
Identity Fraud	Traveler's Casualty & Surety Company	\$ 25,000	11/9/2014
Workers Compensation	Louisiana Workers Compensation Corp.	\$ 500,000	1/1/2014

#### 13. RATES

The Town of Olla Enterprise Fund has the following rates. The deposit amounts are listed below:

Renter	\$ 150
Owner	\$ 75

##### *Rate Schedule:*

Water	ICL - \$12.50 for the 1 <sup>st</sup> 2,000 gal., \$4.00 per 1,000 thereafter OCL - \$15.50 for the 1 <sup>st</sup> 2,000 gal., \$5.00 per 1,000 thereafter
Pleasant Ridge	\$3.50 per 1,000 gal., no minimum
Bulk Water Rates	\$9.00 per 1,000 gal.
Sewer	Residential \$9.00 for 1 <sup>st</sup> 3,000 gal., \$1.00 per 1,000 thereafter Commercial \$16.50 for 1 <sup>st</sup> 10,000 gal., \$1.00 per 1,000 thereafter
Fire	Residential - \$5.25 In City Limits \$7.00 Out City Limits Commercial - \$12.00 In City Limits \$17.00 Out City Limits
Garbage	Residential \$19.50 per household or unit Commercial \$46.50 & up based on the amount of garbage & amount of time for collection

## **REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF OLLA, LOUISIANA**  
**Statement of Revenues, Expenditures, & Changes in Fund Balance**  
**Budget & Actual**  
**General Fund**  
**For the Year Ended June 30, 2014**

	<u>BUDGET AMOUNTS</u>		<b>Actual Amounts</b>	<b>VARIANCES FAVORABLE (UNFAVORABLE)</b>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<b>REVENUES</b>				
Fees & Charges	\$ 334,505	\$ 334,505	\$ 336,490	\$ 1,985
Taxes	48,000	48,000	46,836	(1,164)
Fines	255,000	255,000	273,578	18,578
Grants	245,299	245,299	143,690	(101,609)
Donations	18,700	18,700	20,582	1,882
Interest	120	120	104	(16)
Reimbursements	21,000	21,000	14,782	(6,218)
Rental	208,500	208,500	207,776	(724)
<b>TOTAL REVENUES</b>	<u>1,131,124</u>	<u>1,131,124</u>	<u>1,043,838</u>	<u>(87,286)</u>
<b>EXPENDITURES</b>				
General & Administrative	167,130	167,130	160,163	6,967
Police Expense	278,163	278,163	278,493	(330)
Fire	84,775	84,775	60,824	23,951
Street & Sanitation	169,600	169,600	161,339	8,261
Dixie Center	12,925	12,925	11,150	1,775
Commercial Building	79,910	79,910	70,084	9,826
Recreation Complex	17,100	17,100	20,423	(3,323)
Debt Service	139,120	139,120	155,163	(16,043)
Capital Outlay	248,900	248,900	141,881	107,019
<b>TOTAL EXPENDITURES</b>	<u>1,197,623</u>	<u>1,197,623</u>	<u>1,059,520</u>	<u>138,103</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(66,499)	(66,499)	(15,682)	50,817
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In/(Out)	-0-	-0-	21,421	21,421
Equipment Sale	11,900	11,900	11,900	-0-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>11,900</u>	<u>11,900</u>	<u>33,321</u>	<u>21,421</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (54,599)</u>	<u>\$ (54,599)</u>	17,639	<u>\$ 72,238</u>
<b>FUND BALANCE - BEGINNING</b>			124,471	
<b>FUND BALANCE - ENDING</b>			<u>\$ 142,110</u>	

The accompanying notes are an integral part of this statement.



## **OTHER REPORTS**

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## **THE VERCHER GROUP**

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### MEMBERS

American Institute of  
Certified Public Accountants

Society of Louisiana  
Certified Public Accountants

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Rhonda Elliott, Mayor  
and Members of the Town Council  
Olla, Louisiana

We have audited, in accordance with the auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the discretely presented component unit, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Olla, State of Louisiana's basic financial statements, and have issued our report thereon dated October 14, 2014.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Olla, State of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Olla, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Olla, State of Louisiana's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in



internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Olla, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items:

#### **2014-C-1 Budget Variances**

The Town of Olla, State of Louisiana's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town of Olla, State of Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not or provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a public document and its distribution is not limited.

### ***The Vercher Group***

Jena, Louisiana  
October 14, 2014

**TOWN OF OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
For the Year Ended June 30, 2014**

We have audited the basic financial statements of the Town of Olla, Louisiana, as of and for the year ended June 30, 2014, and have issued our report thereon dated October 14, 2014. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2014, resulted in an unmodified report.

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**Section I Summary of Auditor's Results**

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**a. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses    ☐ Yes   ☒ No    Other Conditions   ☐ Yes   ☒ No

Compliance

Compliance Material to Financial Statements    ☒ Yes   ☐ No

**b. Federal Awards (Not Applicable)**

Internal Control

Material Weaknesses    ☐ Yes   ☐ No    Other Conditions    ☐ Yes   ☐ No

Type of Opinion On Compliance    Unmodified ☐    Qualified ☐  
For Major Programs    Disclaimer ☐    Adverse ☐

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes   ☐ No

**c. Identification Of Major Programs:**

**CFDA Number (s)**

**Name Of Federal Program (or Cluster)**

Dollar threshold used to distinguish between Type A and Type B Programs:    \$300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?    ☐ Yes   ☐ No

**TOWN OF OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)  
For the Year Ended June 30, 2014**

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**Section II Financial Statement Findings**

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**2014-C-1 Budget Variances**

CONDITION: The Town had an unfavorable revenue variance of \$87,286 or 7.7% in the general fund during the year because capital grants were over budgeted.

CRITERIA: The Budget Act requires that governments amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.

CAUSE OF CONDITION: Not amending budget for one time capital outlay expenditures.

EFFECT OF CONDITION: Violation of the Budget Act.

CLIENT RESPONSE AND CORRECTIVE ACTION: Discussed with the Town clerk and Town officials at the monthly council meeting. The Town will begin monitoring revenues and expenditures to determine if the budget should be amended.

CONTACT PERSON: Rhonda Elliott, Mayor.

ANTICIPATED COMPLETION DATE: June 30, 2015.

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**Section III Federal Awards Findings and Questioned Costs**

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No Findings to Report.

## **TOWN OF OLLA, LOUISIANA**

### **MANAGEMENT LETTER COMMENTS**

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

#### **CURRENT YEAR MANAGEMENT LETTER COMMENTS**

There are no current year management letter comments.

## **TOWN OF OLLA, LOUISIANA**

### **MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS**

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2013.

#### **PRIOR YEAR FINDINGS**

##### **2013-C-1 Budget Variances (Unresolved)**

CONDITION: The Town had an unfavorable expenditure variance of \$695,631 or 75.2% in the general fund during the year primarily because the budget was not amended for one time capital outlay expenditures for the Holloway Building improvements and the DOTD funded town sign.

CRITERIA: The Budget Act requires that governments amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.

CAUSE OF CONDITION: Not amending budget before year end.

EFFECT OF CONDITION: Violation of the Budget Act.

CLIENT RESPONSE AND CORRECTIVE ACTION: The Town began monitoring revenues and expenditures to determine if the budget should be amended.